



**Director of
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PALESTINIANS-SYRIA: Cease-Fire Prospects

Arab mediators are continuing their efforts to arrange a permanent cease-fire between PLO chief Arafat and Fatah dissidents. []

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Arafat yesterday announced his agreement to a cease-fire and said the Kuwaiti Foreign Minister had told him the dissidents also have accepted. There has been no independent confirmation thus far from the rebel side. []

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The Kuwaiti official is a member of the delegation from the Gulf Cooperation Council that held talks on Tuesday with Syrian and PLO leaders in Damascus in an attempt to end the conflict. The mediators have scheduled further talks to strengthen the reported cease-fire and arrange peace talks. []

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Comment: The cease-fire, if it takes hold, will be fragile at best. Arafat will be willing to risk further fighting in hopes that Arab leaders will succeed in preventing his opponents from forcing him to surrender. []

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The dissidents and Syria, however, are unlikely to accept less than Arafat's capitulation. The rebels will use the lull to prepare to resume attacks if Arafat fails to reach an early agreement acceptable to them and Damascus. []

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USSR-PALESTINIANS: Policy on Arafat

The Soviets are avoiding public support for embattled PLO chief Arafat for fear of alienating Syrian President Assad, but an emphatic East German endorsement of Arafat suggests Moscow wants to avoid appearing to desert him. []

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Palestinian news media have reported exchanges between Soviet leaders and Arafat during the current assaults by Syrian-backed rebels against his strongholds in northern Lebanon. Moscow yesterday acknowledged receipt of Arafat's congratulations on the anniversary of the Bolshevik Revolution, but it has not offered direct support in response to Arafat's thinly veiled public plea in mid-October for assistance against the rebels. The Soviet media's limited factual coverage of the dispute has avoided explicit support for Arafat's leadership. []

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The official East German news service on Tuesday carried a Foreign Ministry declaration strongly endorsing Arafat and condemning the escalation of fighting among Palestinians. The statement appealed for a political dialogue and affirmed East German solidarity with Arafat. []

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Comment: The renewed offensive against Arafat's forces apparently has not altered the USSR's hands-off policy toward the dispute. Moscow's refusal to respond to Arafat's plea for aid and its near silence on the recent fighting reflect an unwillingness to alienate Assad. []

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The East German declaration probably was approved in Moscow and probably reflects Soviet misgivings about the dissidents' action. The Soviet leaders may privately voice their concerns to Syria's Foreign Minister, who is to arrive in Moscow today, but they are unlikely to press Assad very hard. []

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The USSR probably is ambivalent about the radical domination of the PLO that would result from the dissidents' victory. Moscow almost certainly would welcome the radicals' resistance to participation in US peace initiatives. []

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On the other hand, the radicals have not supported the international peace conference with Soviet participation that Moscow favors and have emphasized a strategy of military confrontation with Israel that the Soviets believe hurts the Palestinian cause. The Soviets would be concerned about PLO subordination to Syria and might take some cautious measures to help the organization remain independent. []

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CHINA: Attack on "Spiritual Pollution"

Beijing's developing campaign against the spread of Western influences in China will affect the coming party purge and may represent a challenge to General Secretary Hu Yaobang. []

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Speeches by Politburo Standing Committee members Deng Xiaoping and Chen Yun at the party plenum last month—convened to begin a three-year "rectification" of the membership—prompted a nationwide drive to criticize the spread of "bourgeois liberalism" in China. Deng proposed a crackdown on Western philosophical ideas and popular culture, which he claimed cause "spiritual pollution," especially among young Chinese. Several secondary leaders in cultural work already have undergone public self-criticism for publishing articles that depart from Marxist orthodoxy. []

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Comment: The drive against "bourgeois" and "rightist" influences has distorted the once clearly antileftist focus of party rectification efforts and may slow the process. Media commentary in the provinces shows confusion over how to balance competing items on the political agenda. Leftist targets of the purge may be able to use Beijing's strong attack on liberalizing influences to counterattack. []

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After years of sustained criticism directed at China's leftists, the immediate cause and the broader ramifications of Beijing's new initiative are unclear. Deng apparently shares the concerns of some party conservatives that political and economic reforms he has promoted have caused side effects that eventually could jeopardize the party's authority. []

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Viewed against recent rumors that Hu's standing as Deng's political successor is in decline, the campaign may be an attempt to undermine him. Hu has not made a major pronouncement on "spiritual pollution." []

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Hu is a strong proponent of party supremacy, but some party elders view many of his opinions as too liberal. Some of the first targets of criticism in the new campaign have previously backed Hu on ideological questions. []

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USSR: Rumors About Recovery of Black Box

A Soviet scientist [] says the Soviets have unreleased recordings of cockpit conversations and communications between the pilots of the South Korean airliner and ground stations. The scientist believes the Soviets have recovered the airliner's "black boxes" and that the information supports claims that the plane was on a spy mission. []

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Comment: The Soviets are still searching in the Sea of Japan, suggesting that the flight and cockpit voice recorders have not been recovered. The source apparently believes the information he is passing, but he could have heard about communications that, in fact, are the same as those already released by the US. The USSR may be using Soviets with contacts in the West to circulate rumors justifying the shootdown. Moscow could be preparing to make a statement strengthening its claim about US involvement in the incident, hoping to embarrass the President during his visit to the Far East. []

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JORDAN: Reaction to Attacks on Personnel

Many Jordanian military officers are seeking retribution against the Syrian-sponsored Abu Nidal organization, Black June, the prime suspect in the recent terrorist attacks against Jordanian diplomatic personnel in three countries. The killing of one security guard and the wounding of another at the Jordanian Embassy in Athens on Monday occurred less than two weeks after assassination attempts on the Jordanian Ambassadors in New Delhi and Rome. []

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Comment: The Jordanian officers hold the Syrians to be as responsible as Nidal for what they see as efforts to intimidate and humiliate the Jordanian Government. Although they would like to erase any impression that Jordan is sitting by helplessly in the face of such attacks, they probably have only limited capability to take retaliatory action. Moreover, senior government and military officials are unlikely to countenance such action, given Syria's unquestioned military superiority and its new boldness in the region. []

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USSR: Trends in Foreign Trade

Recently released Soviet data show a growing shift in trade toward other Communist countries, particularly in Eastern Europe. Trade increased by 7 percent in the first half of this year compared to the same period in 1982, with almost all of the improvement occurring in trade with Communist nations. Moscow's hard currency position has changed little compared with last year, although incomplete Western trade data indicate a 30-percent increase in spending for Western machinery. This growth was offset, however, by a decline in purchases of agricultural products, particularly US grain, which dropped by about 50 percent. [REDACTED]

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Comment: The USSR had stated its intention to increase trade with other Communist states. Much of the increased value of the Soviets' exports to their Communist partners is caused by higher Soviet oil prices, which in turn forced Eastern Europe to provide a greater volume of exports to the USSR. The rise in machinery purchases from Western countries largely reflects Soviet requirements for the gas export pipeline, as well as a rebound to levels recorded before hard currency shortages in 1981 forced spending cutbacks. [REDACTED]

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NICARAGUA-COSTA RICA-US: Concern About Projects

Nicaragua is likely to criticize several new civilian construction projects in northern Costa Rica, which are being built with the help of US military engineers. In late September Costa Rican President Monge proposed US help in several development projects, which include roadbuilding, improvement of an airstrip in the north, and medical treatment for refugees in UN camps. Panama also has agreed to provide assistance, and San Jose is seeking the support of some South American nations as well. []

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Comment: The development plans will benefit the economy but will also improve security by providing access to remote regions. The projects' similarity to US-assisted efforts in Honduras will increase anxiety in Nicaragua over what the Sandinistas regard as US-sponsored military operations on their northern and southern flanks. Managua already has charged that the activities contradict Monge's neutrality policy. The Costa Rican request for assistance from other Latin American countries probably is an attempt to counter such accusations by regionalizing the effort. []

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EC-NICARAGUA: Food Aid

The EC Commission has announced its intention to give Nicaragua 4,000 tons of wheat as part of the EC's worldwide food aid program. The grant, valued at \$628,000, will be distributed in the first half of 1984. In addition, the Commission last month allocated Nicaragua 7,200 tons of cereals as emergency relief for drought conditions. Last year Managua received only token amounts of wheat as food aid from the Community. []

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Comment: EC food aid is granted for humanitarian reasons, and Nicaragua's inclusion this year does not reflect greater West European political support for the Sandinista regime. The Ten, however, are taking a more active interest in Latin American developments and may be increasing food aid to step up EC political and economic involvement in the region. The food aid also helps the Community reduce its growing stockpile of agricultural products, especially grains and dairy goods. Bolivia, Grenada, Guyana, and Honduras also are receiving allocations under the current EC programs. []

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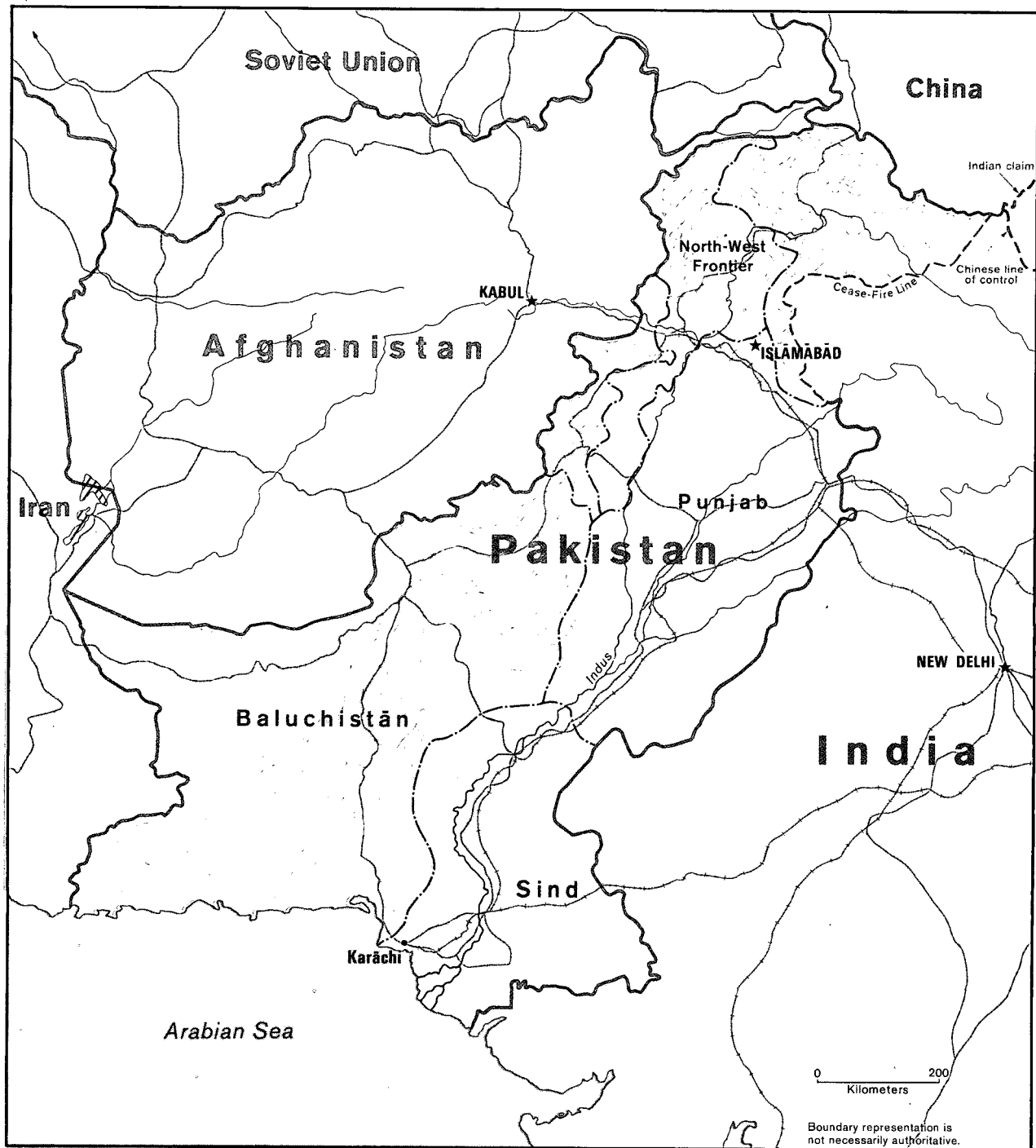
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Special Analysis

PAKISTAN: Opposition Trying To Regroup

Antigovernment violence is declining, with President Zia apparently winning the first round against the opposition. The political parties remain divided but will have new opportunities to foment agitation as Zia takes a series of measures to reestablish civilian rule. Additional serious violence would make it difficult for him to achieve his objective of becoming the civilian president.

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Pakistani officials believe law and order is being restored in rural Sind Province.

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The US Consulate General in Karachi reports only scattered demonstrations since late last month.

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Opposition to Zia has remained limited elsewhere. Only a few politicians have courted arrest in Baluchistan and North-West Frontier Provinces, and there have been no large demonstrations. In crucial Punjab Province, protests by lawyers and leftist labor elements have been easily contained, and most Punjabis have remained passive observers.

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Zia's Tactics

The Pakistani President has stood firm in rural Sind by deploying Army and paramilitary units to reinforce local police. US diplomats report that at least 20 towns have been searched for arms and ammunition, and 4,000 political activists and party workers—mostly from the center-left Pakistan People's Party—have been arrested, substantially reducing the ranks of those available to organize further protests. Zia has avoided a serious incident that might have polarized sentiment outside Sind against him.

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The President also has moved to isolate the People's Party—the largest party in the loosely knit Movement for the Restoration of Democracy—branding it subversive and a tool of foreign interests. This characterization is aimed in part at capitalizing on popular resentment of "Indian interference." Remarks by Prime Minister Gandhi that she was concerned over the level of violence in Sind strengthened Zia in Punjab.

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In an apparent effort to divide his opponents, Zia has been holding talks with leaders of some conservative parties. The most powerful People's Party leader in Sind, Ghulam Mustafa Jatoi, believes the disturbances have had their maximum impact, and he is

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ready to begin negotiations, [] So far,
however, the Movement has shown little inclination to negotiate.

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Zia's tactics appear to have allayed the concern of some senior
Army officers that his Sind policy was too lenient, while satisfying
other advisers who had recommended he negotiate with the
politicians. []

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Opposition Divided

The opposition is divided and regrouping, but it is not cowed.
People's Party leaders reportedly are unhappy with the uneven results
of the civil disobedience campaign. []

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Conservative and religious politicians are not prepared to make
common cause with the People's Party. They fear it will suppress
them if returned to power and that it will reverse the steps Zia has
taken to Islamacize the nation. Zia has played to these fears by
emphasizing his commitment to Islamization. []

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Outlook

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Provincial elections are to be held next year, possibly as early as
March. Zia's decision on who will be eligible to be candidates—which
could come in December—is likely to provide the opposition its next
issue for nationwide demonstrations. []

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Most Pakistanis believe that Zia intends to exclude the parties. []

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Zia has not ruled out an accommodation with some of the parties, but anything less than full participation will not satisfy most of the center-left opposition. The opposition would probably interpret any offer from the President as a sign of weakness. On the right, Zia must be careful not to appear to be conceding too much to the left or to be weakening his Islamization program. [REDACTED]

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If, as is likely, Zia does not compromise with the politicians in the Sind and move to redress the separate political and economic grievances there, discontent will persist and renewed violence is likely. The unrest could be aggravated by Soviet and Indian involvement. [REDACTED]

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If violence erupts again, Americans may become targets. The Embassy reports that US support increasingly is seen as crucial to Zia's survival, [REDACTED]

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Protracted violence would threaten Zia's image as a strong "law and order" leader. In addition, the US Consulate in Karachi predicts that renewed violence in Sind will lead to more disruption and sabotage of the vital road and rail links between Karachi and the Punjab. Economic disruption in the Punjab would particularly undermine Zia's authority and the military's confidence in his ability to lead Pakistan. [REDACTED]

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